

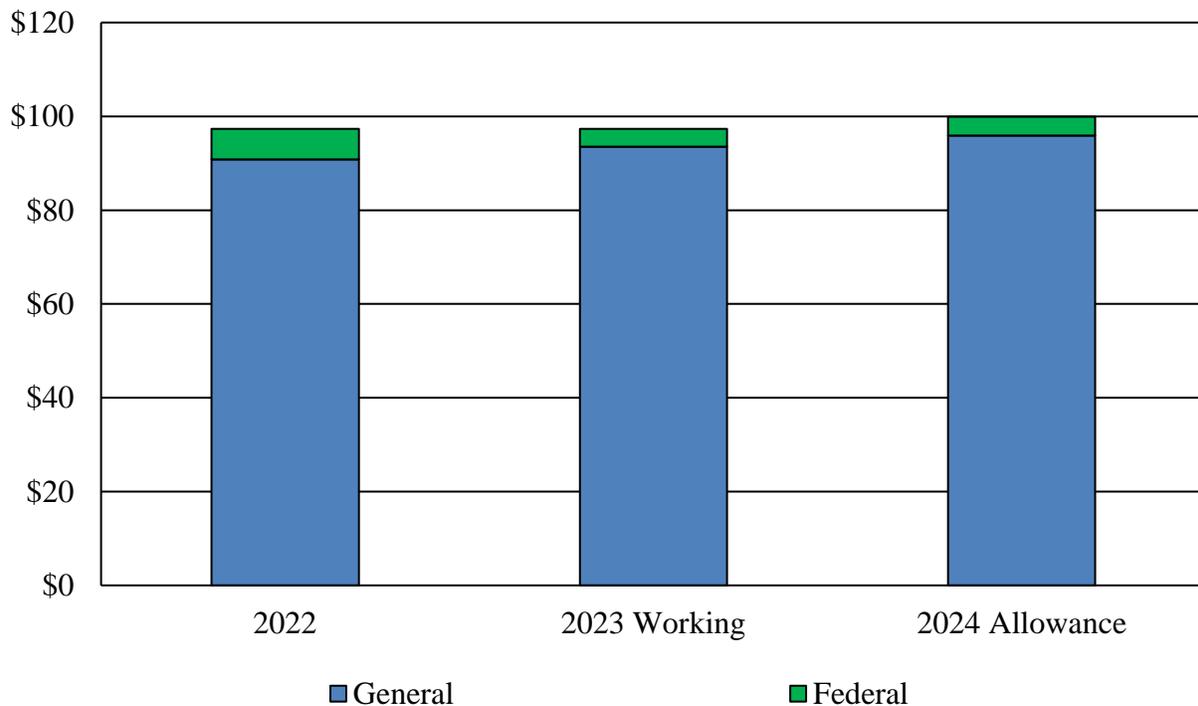
R11A Maryland State Library Agency

Program Description

The Maryland State Library Agency (MSLA) administers State and federal funding for Maryland’s libraries and provides strategic leadership, resources, and support for local, regional, and State libraries. Chapters 337 and 338 of 2017 established MSLA as an independent State agency. In addition to oversight of Maryland’s 24 public library systems, MSLA also oversees the Maryland State Library for the Blind and Print Disabled (LBPD), the State Library Resource Center, three regional resource centers, and the Deaf Culture Digital Library. The agency is governed by the 12-member Maryland State Library Board.

Operating Budget Summary

Fiscal 2024 Budget Increases \$2.6 Million, or 2.7%, to \$99.9 Million
(\$ in Millions)



Note: Numbers may not sum due to rounding. The fiscal 2023 working appropriation includes deficiency appropriations including this agency’s share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). The fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

For further information contact: Laura H. Hyde

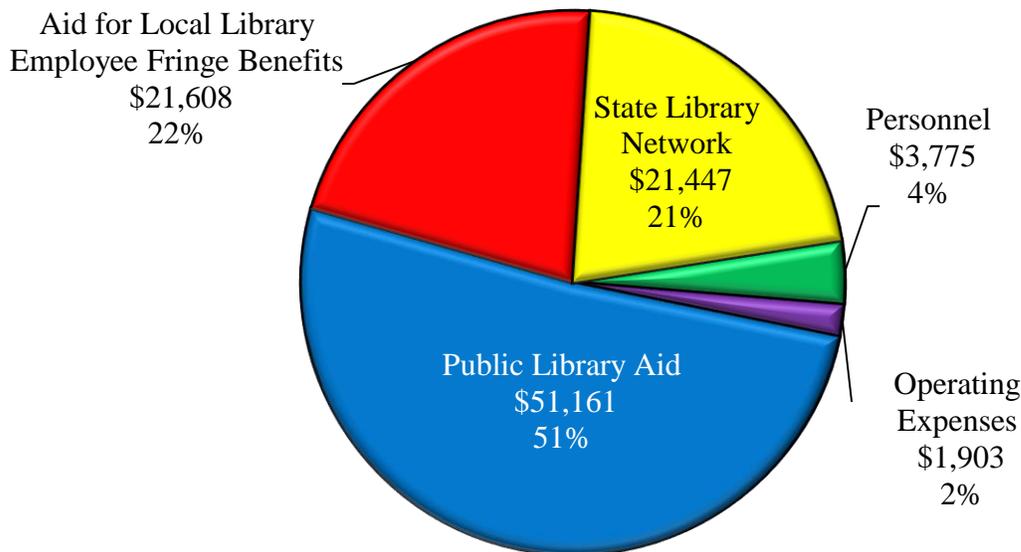
Laura.Hyde@mlis.state.md.us

Fiscal 2024 Overview of Agency Spending

As part of Chapter 27 of 2021, the Lifelong Library Learners Act, libraries may not charge overdue materials fees to minors after June 30, 2022. Beginning in fiscal 2023, the anticipated decrease in revenue from this change was offset by mandated State formula funding increases that were subsequently revised in Chapters 496 and 497 of 2022. As established in Chapter 27, in fiscal 2024, State Library Resource Center per capita aid increases by \$0.04 from \$1.93 to \$1.97, a funding level maintained through fiscal 2027. Per Chapters 496 and 497, in fiscal 2024, Public Library Aid per capita aid is \$17.90, which increases by \$0.40 annually to \$19.10 in fiscal 2027. Also, per Chapters 496 and 497, regional Resource Centers receive a minimum of \$9.39 in fiscal 2024 for each resident per area served, which increases by \$0.20 annually to \$9.99 in fiscal 2027.

Exhibit 1 shows MSLA’s proposed budget for fiscal 2024. MSLA’s allowance is \$99.9 million, with the majority of funds allocated toward library formula funding and retirement costs. Of this amount, \$51.2 million, or 51%, is allocated for Public Library Aid, which includes \$2.5 million in federal funds from the library services program; \$21.6 million, or 22%, is allocated for Aid for Local Library Employee Fringe Benefits for retirement; \$21.4 million, or 21%, is allocated to the State Library Network; \$3.8 million, or 4%, is allocated for personnel; and \$1.9 million, or 2%, is allocated for operating expenses.

Exhibit 1
Overview of Agency Spending
Fiscal 2024 Allowance
(\$ in Thousands)



Source: Governor’s Fiscal 2024 Budget Books

Proposed Budget Change

In fiscal 2024, a proposed budget increase of nearly \$2.6 million includes \$2.4 million in general funds and \$167,000 in federal funds. This amount includes \$2.2 million in mandated library formula funding and an additional \$400,000 allocated for personnel and operating expenses. **Exhibit 2** shows these proposed changes.

**Exhibit 2
Proposed Budget
Maryland State Library Agency
(\$ in Thousands)**

How Much It Grows:	General <u>Fund</u>	Federal <u>Fund</u>	<u>Total</u>
Fiscal 2022 Actual	\$90,786	\$6,507	\$97,292
Fiscal 2023 Working Appropriation	93,503	3,798	97,301
Fiscal 2024 Allowance	<u>95,931</u>	<u>3,965</u>	<u>99,895</u>
Fiscal 2023-2024 Amount Change	\$2,428	\$167	\$2,594
Fiscal 2023-2024 Percent Change	2.6%	4.4%	2.7%

Where It Goes:	<u>Change</u>
Personnel Expenses	
1.0 full-time equivalent new position	\$88
Employee and retiree health insurance	84
Annualization of November 2022 4.5% cost-of-living adjustment	44
Reclassification	41
Regular earnings	32
Employee retirement	16
Turnover adjustments.....	-16
Other Changes	
Public Library Aid formula funding	978
Aid for Local Library employee fringe benefits	832
State Library Network formula funding.....	474
Other computer maintenance costs including DoIT services.....	80
Net change in miscellaneous operational expenses	-24
Net change for LBPD projects including new library software.....	-35
Total	\$2,594

DoIT: Department of Information Technology LBPDP: Maryland State Library for the Blind and Print Disabled

Note: Numbers may not sum to total due to rounding.

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From fiscal 2023 to 2024, changes to general funds for formula funding in the proposed budget include:

- Public Library Aid increases by approximately \$1.0 million, or 2%, from \$50.2 million to \$51.2 million, which reflects the increase in per capita aid and a 0.2% decrease in the State population;
- State Library Network aid increases by \$474,000, or 2.3%, from \$20.9 million to \$21.4 million, which reflects the increase in per capita aid and a 0.6% increase in the population included in this formula; and
- Aid for Local Library Employee Fringe Benefits increases by \$832,000, or 4.0%, from \$20.8 million to \$21.6 million, which reflects declining contribution rates and expected low rates of growth for this program for fiscal 2024 and beyond.

Changes to the library budget that receive both general and federal funds include:

- an increase of \$289,000 in personnel expenses, which includes \$88,000 for a new position and \$44,000 for the 4.5% cost-of-living adjustment annualization; and
- an increase of \$21,000 for operating expenses, which reflects an offset between an increase of \$80,000 for computer and information technology costs and a decrease of \$59,000 for routine operating expenses and software for LBPD.

Personnel Data

	<u>FY 22</u> <u>Actual</u>	<u>FY 23</u> <u>Working</u>	<u>FY 24</u> <u>Allowance</u>	<u>FY 23-24</u> <u>Change</u>
Regular Positions	31.00	31.00	32.00	1.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	31.00	31.00	32.00	1.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.22	0.70%
Positions and Percentage Vacant as of 12/31/22	2.00	6.45%
Vacancies Above Turnover	1.78	

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- At the end of calendar 2022, MSLA had 2 positions vacant, or approximately 6% of its total complement, which is slightly above the fiscal 2023 budgeted turnover rate of 5%. One of these vacancies, a research and data coordinator, has been filled. MSLA has requested that the other vacant position, an administrative officer for LBPD, be reclassified so that the position can be properly located in its Finance Office.
- MSLA’s request for a new position is for a communications manager, whose role would be to keep the public informed about the work of the Maryland libraries. The agency hopes to fill this position in October 2023.

Key Observations

1. Audit Finds Agency Needs Memorandum of Understanding with LBPB

A recent audit conducted by the Office of Legislative Audits (OLA) found that MSLA did not have a memorandum of understanding (MOU) with the Friends of LBPB to address roles and responsibilities. Despite its use of “Library” in its name and its President’s position on the MSLA Board, Friends of LBPB does not have any affiliation with MSLA. Friends of LBPB is a tax-exempt nonprofit organization whose purpose is to support MSLA and promote awareness of LBPB. OLA’s concern was that MSLA and Friends of LBPB were affiliated, and therefore an MOU would be warranted.

For Friends of LBPB, the MOU includes information on:

- solicitation, collection, administration, and investment of funds;
- procurement policies for purchases donated to MSLA;
- submission of an annual audited report to MSLA; and
- a conflict of interest policy for board members and employees.

For MSLA, the MOU includes information on:

- MSLA sharing of priorities, projects, and resource requirements, including the sharing of any nonprivate data to assist the Friends’ effort; and
- MSLA providing any in-kind support functions and the use of its facilities.

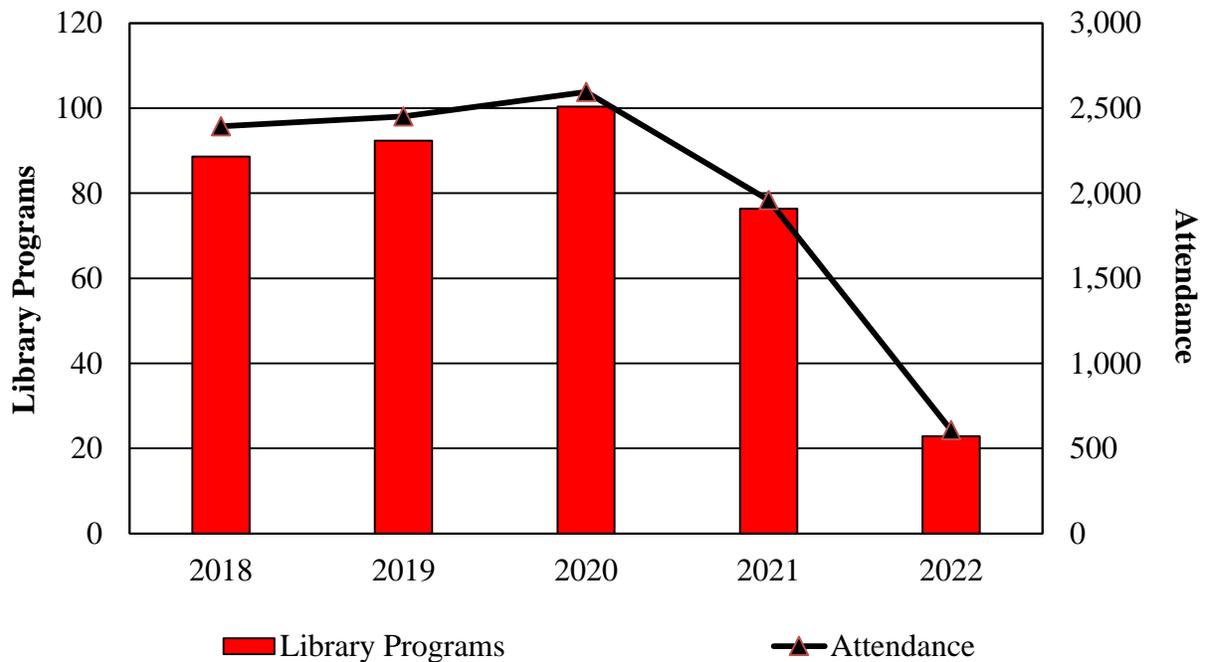
MSLA and Friends of LBPB worked on the MOU in calendar 2022, and it has recently been completed to the satisfaction of both parties. **MSLA should comment on the completed MOU and how it responds to OLA’s concerns.**

2. Library Programming and Attendance Decreases

Due to COVID-19 library closures in calendar 2020, State libraries experienced a decrease in the number of library programs and program attendance, which is a trend that continued into fiscal 2022. From fiscal 2021 to 2022, the number of library programs decreased by approximately 53,000, or 70%, from 76,000 to 23,000. Library attendance also decreased by 1.4 million attendees, or 70%, from 2.0 million attendees in fiscal 2021 to 600,000 attendees in fiscal 2022. MSLA reports that even though pandemic-related building closures decreased attendance in

calendar 2021, attendance is expected to normalize in calendar 2023 and 2024. **Exhibit 3** displays these data.

Exhibit 3
Library Programs and Attendance
Fiscal 2018-2022
(in Thousands)



Source: Maryland State Library Agency, Managing for Results

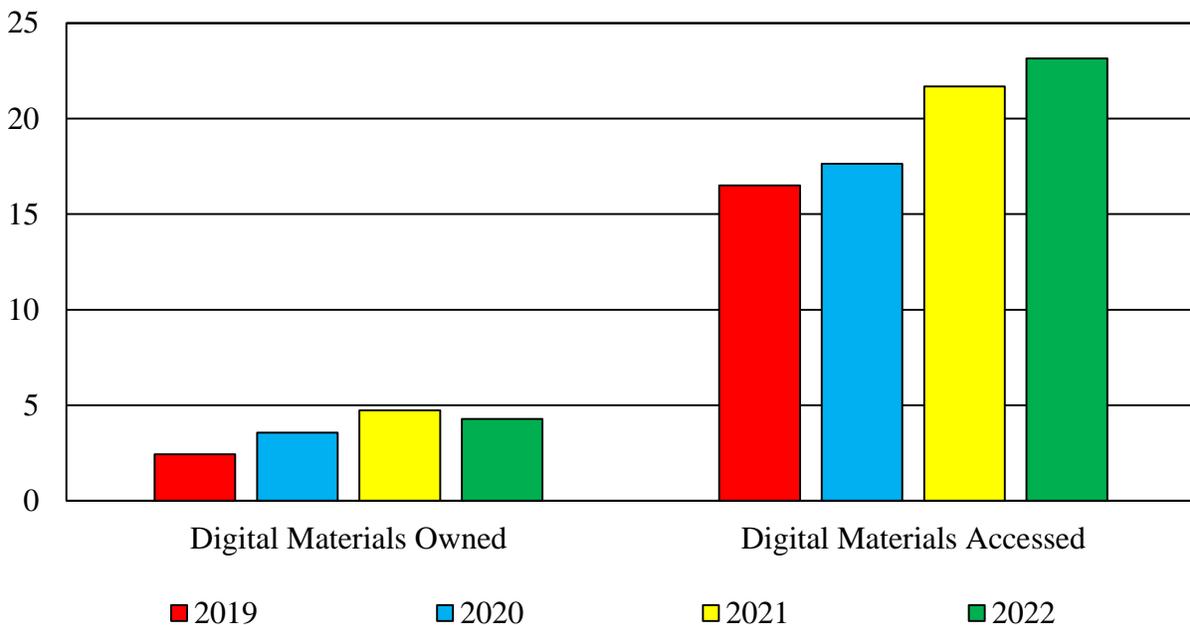
In order to increase attendance at library programs, MSLA reports that, in calendar 2022, local libraries expanded efforts to support literacy and engagement by offering virtual and outdoor story time, StoryWalks in public parks and community spaces, as well as take-home science, technology, engineering, and mathematics and learning kits. Programs for children ages zero to five accounted for almost a quarter of all programs offered. Some libraries also offered virtual programming, which is not reflected in these Managing for Results measures.

MSLA should comment on efforts to increase program offerings and attendance in calendar 2022 and 2023.

3. Digital Materials Owned and Accessed Increases

The number of digital materials owned and accessed at Maryland libraries has grown significantly in recent years, which follows a national trend of libraries continuing to enhance their digital collections. From fiscal 2021 to 2022, the total number of digital materials owned by Maryland libraries decreased by 400,000 items, or 9%, from 4.7 million to 4.3 million. This decrease is primarily attributable to the cost of digital materials as well as libraries choosing to offer access to digital materials online. In support of this trend toward online access, from fiscal 2021 to 2022, digital material access by patrons increased by 1.5 million items, or 7%, from 21.7 million items to 23.2 million items. This trend is expected to continue in future years as changes in the publishing industry and book sales shift toward digital materials. **Exhibit 4** shows digital materials owned and accessed in Maryland libraries from fiscal 2019 to 2022.

Exhibit 4
Digital Materials Owned and Accessed
Fiscal 2019-2022
(in Millions)



Source: Maryland State Library Agency, Managing for Results

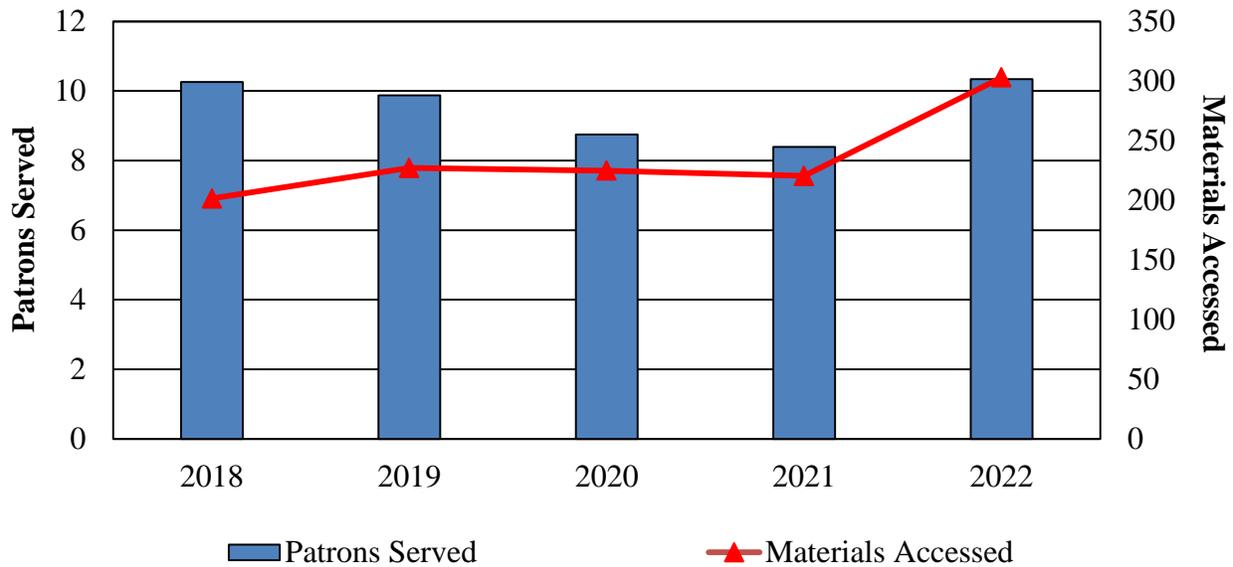
In the past few years, the costs set by publishers for e-books and licenses for digital content have increased dramatically, with some digital subscriptions costing substantially more than the consumer e-book purchase price or the library print cost, which is a publisher’s bulk book pricing

for libraries. In response, Chapter 412 of 2021 was designed to prevent book publishers from unfair, abusive, and deceptive trading practices when negotiating with library systems for electronic books and other electronic literary products. Even though publishers considered the law to be an encroachment into federally protected intellectual property rights, the law went into effect on January 1, 2022.

4. LBDP Increases Materials Accessed and Patrons Served

In calendar 2020, LBDP closed due to COVID-19 concerns; however, the library opened in calendar 2021 to serve patrons daily. From fiscal 2021 to 2022, the number of LBDP patrons served increased by almost 2,000 patrons, or 23%, from 8,400 to 10,300. Materials accessed also increased from fiscal 2021 to 2022 by 82,500, or 37%, from 220,400 to 302,900. **Exhibit 5** shows these data from fiscal 2018 to 2022.

Exhibit 5
LBDP Patrons Served and Materials Accessed
Fiscal 2018-2022
(in Thousands)



LBDP: Maryland State Library for the Blind and Print Disabled

Source: Maryland State Library Agency

LBDP has moved to a customized borrowing system in which patrons can group materials as needed in one delivery. With that service, LBDP expects significant growth in the number of materials accessed by patrons in fiscal 2023 and 2024.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Appendix 1
Audit Findings

Audit Period for Last Audit:	July 1, 2017, to November 7, 2021
Issue Date:	April, 2022
Number of Findings:	1
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

Finding 1: MSLA did not have an agreement with the Friends of the LBPD to address each entity’s roles and responsibilities.

**Appendix 2
Object/Fund Difference Report
Maryland State Library Agency**

<u>Object/Fund</u>	<u>FY 22 Actual</u>	<u>FY 23 Working Appropriation</u>	<u>FY 24 Allowance</u>	<u>FY 23 - FY 24 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	31.00	31.00	32.00	1.00	3.2%
Total Positions	31.00	31.00	32.00	1.00	3.2%
Objects					
01 Salaries and Wages	\$ 3,205,265	\$ 3,397,497	\$ 3,775,609	\$ 378,112	11.1%
03 Communication	15,844	25,985	20,760	-5,225	-20.1%
04 Travel	19,639	56,248	53,250	-2,998	-5.3%
06 Fuel and Utilities	78,438	112,000	118,000	6,000	5.4%
07 Motor Vehicles	30,220	31,640	32,640	1,000	3.2%
08 Contractual Services	935,073	1,111,601	1,170,200	58,599	5.3%
09 Supplies and Materials	84,063	108,938	78,317	-30,621	-28.1%
10 Equipment – Replacement	0	40,000	40,000	0	0%
11 Equipment – Additional	0	10,000	0	-10,000	-100.0%
12 Grants, Subsidies, and Contributions	90,281,982	92,167,766	94,451,295	2,283,529	2.5%
13 Fixed Charges	141,802	150,852	155,083	4,231	2.8%
14 Land and Structures	2,500,000	0	0	0	0.0%
Total Objects	\$ 97,292,326	\$ 97,212,527	\$ 99,895,154	\$ 2,682,627	2.8%
Funds					
01 General Fund	\$ 90,785,680	\$ 93,436,361	\$ 95,930,644	\$ 2,494,283	2.7%
05 Federal Fund	6,506,646	3,776,166	3,964,510	188,344	5.0%
Total Funds	\$ 97,292,326	\$ 97,212,527	\$ 99,895,154	\$ 2,682,627	2.8%

Note: The fiscal 2023 appropriation does not include deficiencies. The fiscal 2024 allowance does not include contingent reductions or cost-of-living adjustments.